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# ***110th GENERAL ASSEMBLY BUDGET SUMMARY SESSION REPORT***

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## **2018**

Budget Overview  
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## FY 2018-19 BUDGET OVERVIEW

### Budget

The Total FY 19 State Budget is \$37.6 billion a 0.7% increase over FY 18's Total Budget of \$37.3 billion.

The budget adds \$61 million to the Rainy Day Reserve including \$11 million added by the Legislature. This brings the total anticipated balance to \$861 million by June 30, 2019. TennCare reserves are expected to be \$220.8 million by June 30, 2019.

The FY 18-19 Budget assumes General Fund Revenue growth of 3.2% and reflects the continued phase-out of the Hall Income Tax.

### Budget Reductions

Base budget reductions total \$118.6 million and 281 full-time and 54 part-time positions are eliminated.

### Employee Salary and Benefit Policy

- The Budget provides a salary pool of 2.5% for TEAM Act employees effective January 1, 2019 and a 2.5% pool for Non-TEAM Act employees effective July 1, 2018.
- Higher Education's salary pool funded through the formula provides a 2.5% salary pool for formula and non-formula units.
- K-12 Education will receive \$55.1 million increase through the BEP salary component.
- Funds statutory pay raises for law enforcement, judges, district attorneys, public defenders, attorney general, and TWRA officers are included. Fully funds the regional salary survey for state troopers, TWRA and TLETA officers.
- Funds are provided to increase the retirement contribution rate for state employees and the state's share of the 5.0% group health insurance premium increase. Increase funding of \$87,885,900 is provided for retirement contribution, the state's share of health insurance and other post-employment benefits.

### Education

K-12 Education total funding is \$6.4 billion. The budget adds \$247 million to K-12 Education, including \$105.1 million into the BEP for Teachers, \$66.8 million to address growth, and \$30.2 million for School Safety issues. Additional funding is provided to the Science Alliance Museums and "After the Bell" school programs. A contingency appropriation of \$11 million, a legislative initiative, provides additional funding for the Energy Efficient Schools Initiative.

Higher Education will see an extra \$260.3 million which includes \$28.6 million for campus support, \$10 million for student aid, and \$7.3 million to continue the Drive to 55 initiative. Higher Education's total funding is \$4.6 billion. Capital investment for higher education institutions total over \$219 million and include \$9 million for TCAT equipment needs, a legislative priority. Non-recurring funding is provided to address issues with the Southern College of Optometry.

## **Health and Social Services**

TennCare general fund cost increases total \$136.3 million and addresses issues with medical inflation and utilization; pharmacy utilization; CHOICES along with technology improvements. Legislation passed that excludes anxiety episodes and non-emergent depression episodes from the episodes of care.

Funds are provided for the opioid initiative supporting treatment and law enforcement. Legislative priorities provided additional funding to ETSU and UT Health Science Center for addiction programs.

A major legislative initiative increases the payment to non-state providers of services to \$10 per hour for the health and social services community. There is an accountability measure to ensure compliance. Funds are provided that restores the Early Childhood Home Visiting Programs. Legislation passed enacting the "Elderly and Vulnerable Adult Protection Act of 2018" and "Tennessee Rural Hospital Transformation Act of 2018."

## **Law, Safety and Correction**

The budget for Correction increased \$27.6 million and adds 38 new positions to continue support of the Public Safety Act of 2016 and 50 additional positions for probation and parole officers. TBI will receive 12 new positions: 10 for opioid investigations and 2 forensic positions. In Safety, an FCC requirement to operate all radios on a 6.25 KHz digital bandwidth is funded at \$950,000. Additional funding for driver license examiners and homeland security personnel is also provided. Additional recurring funding is provided to fund the Indigent Representation Task Force initiative to raise hourly rates and case caps. Courtroom security grants are funded at \$2 million. Legislation passed that adds additional judges in the 16<sup>th</sup>, 19<sup>th</sup>, and 21<sup>st</sup> judicial districts and establishes a judicial redistricting task force. A major legislative initiative passed enacting Juvenile Justice Reform which allows for a more effective juvenile justice system, improves outcomes for youth offenders and public safety.

## **Resources and Regulations**

The new state museum is scheduled to open the fall of 2018 and the budget contains approximately \$3 million and additional staff to manage the new galleries, programs and operations. Additional funding and positions are added to the TN Law Enforcement Training Academy to address the applicant backlog. Labor and Workforce Development received extra funding to update the workers' compensation system.

## **Business, Economic Development and Transportation**

Economic and Community Development received \$133.2 million in additional funding to address infrastructure and job training, rural development and broadband accessibility grants. Tourist Development will receive \$500,000 to continue the Waterways Accessibility for Tennessee Recreation grants. A bond authorization of \$30.7 million is authorized for wastewater improvements at the Memphis Regional Megasite.

Transportation is given authority to use \$10 million from the Transportation Equity Fund to address short line railroad repairs, improvements and upgrades in consultation with the Short Line Railroad Alliance. The Aeronautics Development fund is appropriated \$20 million for grants.

## **Capital Outlay/Maintenance/Facilities Revolving Fund**

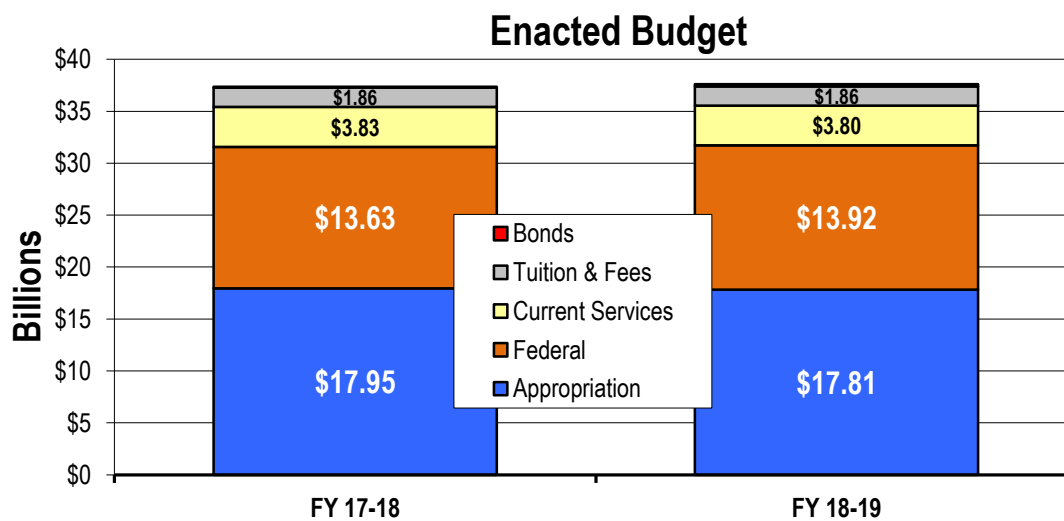
Focus for FY 18-19 is on maintenance of existing facilities; however, funding is included to complete the Library and Archives at \$62.6 million. Legislative initiatives deleted the purchase of the TennCare Building, the sale of the Citizen's Plaza Building and reduced funding for LED lighting and controls upgrades.

## FY 18-19 FINAL BUDGET ACTION TOTAL STATE BUDGET

	Est. FY 17-18	Prelim. FY 18-19	Change
<b>TOTAL</b>	<b>\$37,345,969,000</b>	<b>\$37,602,386,800</b>	<b>0.7%</b>
Appropriation	\$17,945,459,000	\$17,812,849,500	-0.7%
Federal	13,626,911,000	13,915,575,700	2.1%
Current Services	3,834,980,000	3,800,047,600	-0.9%
Tuition & Fees	1,858,619,000	1,858,619,000	0.0%
Bonds	80,000,000	215,295,000	169.1%

Preliminary Estimate

Preliminary Estimate



### STATE BUDGET FUNDING HISTORY - (Excludes Bonds)

	Total (Billions)	State	Federal	Other	% Change
2007-08	\$27.75	13.79	9.56	4.40	104.5%
2008-09	\$29.21	13.54	11.03	4.64	5.3%
2009-10	\$29.68	12.20	12.92	4.56	1.6%
2010-11	\$31.73	12.91	13.97	4.85	6.9%
2011-12	\$31.72	13.73	13.24	4.75	0.0%
2012-13	\$31.28	13.98	12.52	4.79	-1.4%
2013-14	\$32.97	15.09	13.23	4.64	5.4%
2014-15	\$32.86	14.88	13.18	4.79	-0.3%
2015-16	\$33.55	15.58	12.87	5.10	2.1%
2016-17	\$35.19	16.53	13.42	5.24	4.9%
<b>Est 2017-18</b>	<b>\$37.27</b>	<b>17.95</b>	<b>13.63</b>	<b>5.69</b>	<b>5.9%</b>
<b>Prelim 2018-19</b>	<b>\$37.39</b>	<b>17.81</b>	<b>13.92</b>	<b>5.66</b>	<b>0.3%</b>

## 2018 SESSION - NOTED LEGISLATION

			General Fund - Fiscal Impact		
Description	SB	HB	(Decrease) Recurring Exp	(Decrease) Non-Recurring Exp	General Fund Revenue
Appropriation Bill	2552	2644			
Bond Bill - Authorizes bonds for transportation & other projects	2554	2645			
Budget Implementation Act - statutory revisions necessary for implementation of the annual appropriations act Authorizes the transfer of funds from the department of safety handgun permit reserves	2553	2646			
Nursing Home Assessment	1781	1848			
Ambulance Service Assessment	1823	1837			
Hospital Assessment	2026	2084			
Creates three judicial positions in the 16th, 19th and 21st judicial districts; Funds a study regarding the realignment of districts	5	10	800,000	99,400	
Adds to offense of especially aggravated stalking where defendant is 18 or older and the victim is 12 or less	200	294	176,300		
Requires state group insurance program to cover hypo fractionated proton therapy for state employees under certain conditions <i>Note: Governor Haslam vetoed on 5/3/2018</i>	367	523			
Tom Cronin Physical Education Act	558	372			
Defines and requires rule revisions for non residential office-based opiate treatment facilities	777	717	581,600	26,200	
Authorizes those with cosmetology, manicurist, aesthetician, or natural hair styling license to practice outside of a shop or school	797	710			
Enacts "Short-Term Rental Unit Act"; allows property owners to operate short term rental units if they were in operation prior to any local ordinance that prohibits or regulates such Local government may authorize STR through a permitting/application process	1086	1020			
Requires the Department of Safety to issue, upon request, a special designation on driver and photo identification licenses for persons with developmental disabilities	1109	1110			

			General Fund - Fiscal Impact		
Description	SB	HB	(Decrease) Recurring Exp	(Decrease) Non-Recurring Exp	General Fund Revenue
Requires TennCare to promulgate rules to promote safe and responsible coverage of opioids for members who have the pharmacy benefit	1227	901			
TennCare CHOICES aging care giver program	1494	1542	345,900		
Requires State Funding Board revenue estimates & revisions to be adopted by majority vote	1589	1462			
Creates a work-based learning student grant program through Department of Economic & Community Development	1649	1599	1,000,000		\$1,000,000
Enhances the offense of organized retail crime	1717	1722	91,500		
Allows state to apply for waiver to allow reasonable work requirements for able bodied adult members without children under age six	1728	1551			
Expands offense of 2nd degree murder to include the unlawful distribution of fentanyl or controlled substances containing fentanyl that are proximate cause of death	1787	2190	374,100		
Tennessee Public Safety Behavioral Health Act	1797	1510			
Department of Correction grants for local reentry programs to reduce recidivism	1865	2181		1,000,000	
Henry's Law - requires a defendant to be convicted of second degree murder one range higher than otherwise required if victim was a minor	1875	1936	113,200		
"Safe at Home" Victim address confidentiality program	1935	2025	100,100		
TBI fees collected from drug testing and blood alcohol concentration testing to be deposited into the General Fund	1974	1959			
Requires background check for employees and applicants of LEAs prior to initial employment & every 5 years after being employed	2014	1997			
Exempts liquor barrels from property taxation	2076	2038			

			General Fund - Fiscal Impact		
Description	SB	HB	(Decrease) Recurring Exp	(Decrease) Non-Recurring Exp	General Fund Revenue
Decouples Tennessee from the Tax Cut & Jobs Act of 2017; limits the amount of interested allowed as a deduction and replaces it with provisions in Section 163(j) of the IR code; includes certain contributions to capital in Federal gross income, replaces it with Section 118 of the IR code	2119	2310			
Mental Health Parity - requires group health benefit plans to provide coverage of mental health or mental illness benefits or alcoholism or drug dependence benefits in compliance with federal mental health parity and addiction equity act of 2008	2165	2355	39,100		
Requires Comptroller of Treasury to determine tax rate & assessed value of property acquired by TWRA	2201	2274	25,900		
Restructures the University of Tennessee Board of Trustees	2260	2115			
Enacts the "Juvenile Justice Reform Act of 2018"	2261	2271			
Sets interest rate on unpaid child support; set regulations regarding teenage marriage	2268	2134	.		(400)
Transfers Tennessee Sports Hall of Fame to Department of Tourist Development for administrative purposes	2287	2371		200,000	
Requires mental health hospital and hospital inspections to include reporting on involuntary commitments to local law enforcement; Permits pharmacy or pharmacist to provide insured with the cost share information for a prescription drug without penalty	2362	2219			
Excluded two behavioral health episodes from TennCare episodes of care payment reform	2364	1541	483,000		
Fresh Start Act -under certain conditions, prohibits a regulatory board from denying, suspending or revoking a license or license application of a person convicted of a felony if the offense was unrelated to the profession to which they applied	2461	1799			
Authorizes municipal, county or state governments to develop a process for installation of small cell wireless facilities	2504	2279			

			General Fund - Fiscal Impact		
Description	SB	HB	(Decrease) Recurring Exp	(Decrease) Non-Recurring Exp	General Fund Revenue
Authorizes Sunday sales of alcoholic beverages and wine with some exceptions	2518	1540			2,307,000
Creates the Historic Cemetery Advisory Committee	2519	1572	55,700	32,000	
Updates Tennessee Heritage Protection Act	2520	1574	55,600	7,000	
"Elderly and Vulnerable Adult Protection Act of 2018"	2621	2159	332,300		
Directs TACIR to study potential effect of grant & loan programs that would encourage and develop food desert relief enterprises	2634	2120			
Tennessee Rural Hospital Transformation Act of 2018	2646	2326		1,000,000	
Prohibits any adverse action against students, teachers, schools or LEAs based on data from 17-18 TNReady assessments	578	75			



## Senate and House Amendments to the Appropriation Bill

ENTITY	PURPOSE	RECURRING	NON - RECURRING	EARMARK
Tennessee Technological University	To enhance the College of Engineering program	3,000,000		
Finance & Administration	Grant to Bedford County Government for the Firefighters Memorial		10,500	
Department of Safety	McMinnville driver service center	48,000		
Mental Health & Substance Abuse Services	Grants for Peer Engagement Programs for Regional Mental Health Institutes		425,000	
Finance & Administration	Grant to Families Free for services to mothers and children affected by neonatal abstinence syndrome		100,000	
East Tennessee State University	Grant to Center of Excellence and Center for Prescription Drug Abuse Prevention & Treatment Center to combat opioid epidemic		500,000	
Finance & Administration	Grants of \$50,000 each to 8 accredited senior centers: Johnson City Senior Center; FiftyForward College Grove; FiftyForward Knowles - Nashville; FiftyForward Madison Station; FiftyForward Donelson Station; FiftyForward Martin Center - Brentwood; Kingsport Senior City; St. Clair's Senior Center - Murfreesboro		400,000	
Health	For the Early Childhood Home Visiting Programs	1,400,000		
Education	Grant to Jobs for TN Graduates, Inc for a one credit course for twelfth grade at-risk high school students		250,000	
Finance & Administration	Grant to the Hobart Ames Memorial Field Trial Club for restoration and preservation of the Stencil House at the Ames Plantation		50,000	
Economic & Community Development	Transfer from ALEC Summit for 2019 NCSL Annual Summit in Nashville			100,000

ENTITY	PURPOSE	RECURRING	NON - RECURRING	EARMARK
TDOT	To the air, water, and rail transportation program from Transportation Equity Fund to be released from escrow			10,000,000
Finance & Administration	Grant to the Tennessee Holocaust Commission for a traveling exhibit and rotating exhibit at new state museum		75,000	
Tennessee Bureau of Investigation	For expenses related to the Tennessee Dangerous Drug Task Force		500,000	
Education	Grants of \$50,000 each to the seven Science Alliance museums		350,000	
Finance & Administration	Grant for the redevelopment of Clayborn Temple		250,000	
Sullivan County	Grant to Sullivan County for expenses related to the Sullivan County Agriculture Center		250,000	
Health	Federally qualified health centers and community & faith based health centers in Tennessee to provide medical and dental care to uninsured adults		1,000,000	
Mental Health & Substance Abuse Services	Grant of \$250,000 to expand an opioid addiction pilot program that provides opioid relapse treatment, including the use of long-acting, non-narcotic, injectable medication assisted treatment to adults who are participating or eligible for participation in a drug court treatment program		250,000	
Health	Grant to Dental Lifeline Network for donated dental services		85,000	
Health	Grants to the Epilepsy Foundation chapters in Middle & West TN, Southeast TN, and East TN to provide education and child safety prevention and services		148,000	

ENTITY	PURPOSE	RECURRING	NON - RECURRING	EARMARK
Finance & Administration	Grants to the city of Oak Ridge and the county of Roane to reimburse city and county for their portion of sales and use tax refund owed to UT-Battelle LLC		1,300,000	
Health	Grant to IMPACT America for vision screenings for children in low-income communities statewide - redirect from #24 on AA		300,000	
Finance & Administration	Grant to Sevier County Schools for operation of the school system and to replace funds lost due to students leaving the district because of a temporary lack of housing		270,000	
Tennessee Human Rights Commission	Digitization of case-related processes to be funded from existing resources			50,000
Finance & Administration	Grant to National Foundation for Women Legislators for organizational membership for the Tennessee General Assembly Women's Caucus and training services	15,000		
Commission on Children & Youth	Grant to TN Court Appointed Special Advocacy Association for quality assurance and expansion initiatives		56,000	
Commission on Children & Youth	Grant to each of the 56 county Court Appointed Special Advocate (CASA) programs, including the 52 CASA programs currently in active operation and the 4 CASA programs currently in development		112,000	
Education	Grant to Breakfast After the Bell school breakfast program		500,000	
Finance & Administration	Grant to Charles H. Coolidge Medal of Honor Heritage Center in Chattanooga for 250,000 and grant to Dyersburg Veterans Museum for 100,000		350,000	
State Treasurer	To be used for the Energy Efficient School Initiative Funds shall not revert			11,000,000

ENTITY	PURPOSE	RECURRING	NON - RECURRING	EARMARK
Bureau of TennCare	To Increase per hour DSP staff salary component in the DIDD/provider rate methodology; To be used for salaries only		11,700,000	
Tourist Development	To continue the Waterways Accessibility for Tennessee Recreation (WATR) grant funds to improve and maintain access to Tennessee's waterways		500,000	
Finance & Administration	Grant for window replacement for historic La Follette Postmark building		50,000	
Health	Grant to Smile 180 Foundation for safety net program to provide dentures to low income individuals statewide		500,000	
Finance & Administration	Grant to Men of Valor & The Next Door programs to complete study on recidivism programs		377,250	
Johnson City	Johnson City/ Washington Co. Veterans Museum		50,000	
Historical Commission	Grant to the historic Masonic Hall in Franklin TN		50,000	
General Services	To the Carter House Visitors Center project for sewer/pavement issues		300,000	
Tennessee Bureau of Investigation	To establish two additional forensic positions	198,400	23,100	
Finance & Administration	Grants of \$150,000 each to 4 accredited zoos and the Tennessee Aquarium		750,000	
National Coalition of 100 Black Women, Memphis Chapter	Grants for programs & operational expenses - \$10,000 each to Nashville, Memphis, Chattanooga & Knoxville Chapters		40,000	
THEC	THEC reserves to restore funding to Southern College of Optometry			300,000
Tennessee State Veterans Homes Board	West Tennessee Veterans Home - unexpended balance bridge funding			

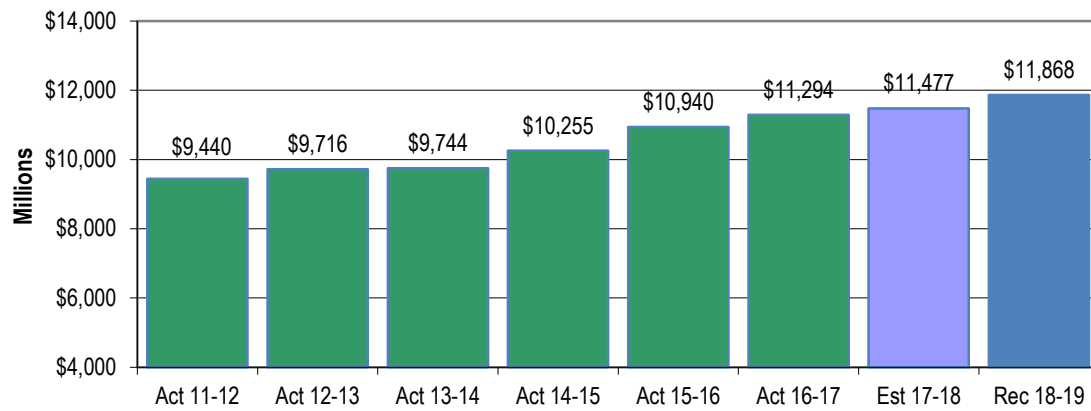
ENTITY	PURPOSE	RECURRING	NON - RECURRING	EARMARK
	<p>No funds appropriated by this act or other acts of the 110th General Assembly including funds appropriated for the capital outlay of the state office buildings and support facilities revolving fund, shall be used, obligated or expended for the sale of the Citizens Plaza building in Nashville, Tennessee</p>			

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## STATE TAX REVENUES

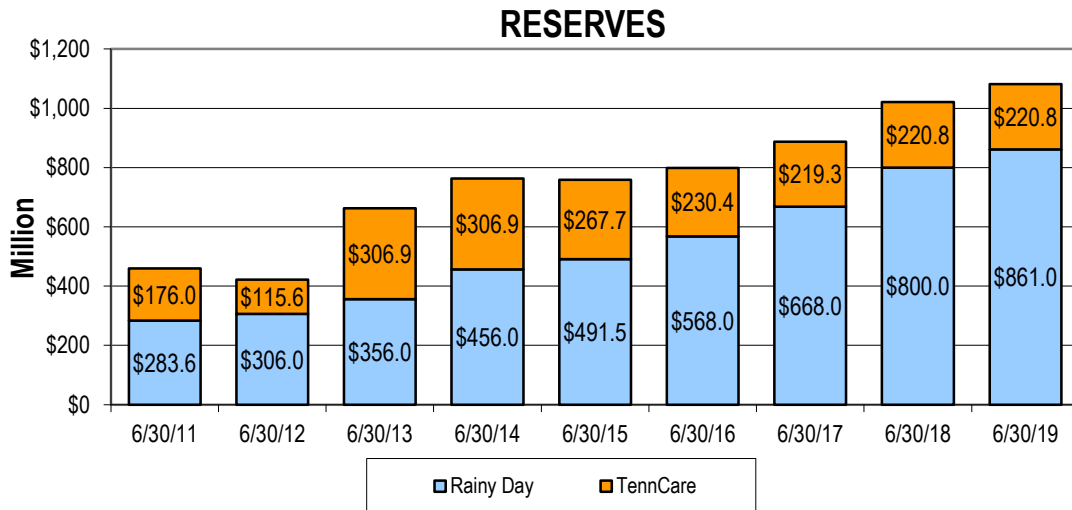
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### General Fund Revenues



## RESERVES

	Rainy Day	% of GF Revenue	TennCare	TOTAL
6/30/11	\$283,600,000	3.0%	\$176,000,000	\$459,600,000
6/30/12	306,000,000	3.1%	115,600,000	\$421,600,000
6/30/13	356,000,000	3.7%	306,877,300	\$662,877,300
6/30/14	456,000,000	4.7%	306,877,300	\$762,877,300
6/30/15	491,500,000	4.8%	267,729,800	\$759,229,800
6/30/16	568,000,000	5.2%	230,394,300	\$798,394,300
6/30/17	668,000,000	5.9%	242,493,900	\$910,493,900
Est 6/30/2018	800,000,000	6.8%	220,784,700	\$1,020,784,700
Rec 6/30/2019	861,000,000	7.1%	220,784,700	\$1,081,784,700



## SALARIES AND BENEFITS

<b>TOTAL - SALARIES AND BENEFITS</b> (funded in FY18-19)	<b>\$231,443,900</b>
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	Recurring	Non-Recurring
<b>State Employees</b>	<b>\$68,103,200</b>	<b>\$0</b>
Salary Pool @ 2.5% - TEAM ACT - Effective 1/1/2019 - Annualized	\$35,390,000	
Salary Increase @ 2.5% - Non-TEAM ACT - Effective 7/1/2018	8,065,800	
TCRS (Retirement) Contribution Increase - Effective 7/1/2018	9,811,600	
Health Insurance @ 4.76% - Annualized 1/1/18 Rate Increase	6,679,700	
Health Insurance @ 5% & Other Post Employment Benefits 1/1/2019	8,156,100	
<b>Higher Education</b>	<b>\$50,246,500</b>	<b>\$0</b>
Salary Increase @ 2.5% - Pool of Funds in Funding Formula effective 7/1/2018	\$37,015,000	
Health Insurance @ 4.7% - Annualized 1/1/18 Rate Increase	\$6,070,000	
Health Insurance @ 5% & Other Post Employment Benefits 1/1/2019	7,161,500	
<b>K-12</b>	<b>\$105,138,600</b>	<b>\$0</b>
Salary Increase @ 2% to BEP Salary Component	\$55,124,000	
Teacher Training & Experience - Youth Development Centers	7,600	
TCRS (Retirement) Contribution Increase - Effective 7/1/2018	22,214,000	
Health Insurance @ 9.04% - Annualized 1/1/18 Rate Increase	17,329,000	
Health Insurance for LEA's @ 5.0% Increase 1/1/2019	10,464,000	
<b>Mandated Salary Increases</b>	<b>\$7,955,600</b>	<b>\$0</b>
Court System	\$847,400	
Attorney General	4,900	
Assistant District Attorneys and Criminal Investigators	1,639,500	
Assistant District Attorneys IV-D Child Support Enforcement	132,100	
Public Defenders (includes Memphis and Nashville)	839,300	
Post-Conviction Defender	28,400	
Governor	4,900	
Safety Step Increases	1,069,100	
Safety Salary Survey @ 2.5%	1,662,000	
Law Enforcement Training Academy Step Increases	23,000	
Law Enforcement Training Academy Salary Survey @ 2.5%	21,000	
TWRA Step Increases	525,000	
TWRA Salary Survey @ 2.5%	1,159,000	
<b>Retirement</b>		
TCRS Retirement Benefit COLA Increase Effective 7/1/2018	2.10%	



# FY 2018-2019 CAPITAL AND MAINTENANCE PROJECTS

## FY 2018-2019 CAPITAL APPROPRIATIONS

	County	Total	State	Bonds	Federal	Other
<b>Agriculture</b>						
Chuck Swan State Forest Work Center	Union	\$1,750,000	1,750,000	-	-	-
Natchez Trace State Forest Work Center	Henderson	\$1,710,000	1,710,000	-	-	-
<b>Sub-Total</b>		<b>\$3,460,000</b>	<b>\$3,460,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Correction</b>						
Maintenance	Statewide	\$46,970,000	-	-	-	46,970,000
<b>Children's Services</b>						
Maintenance	Statewide	\$750,000	-	-	-	750,000
<b>Commerce and Insurance</b>						
Maintenance	Statewide	\$2,920,000	-	-	-	2,920,000
<b>Economic and Community Development</b>						
Memphis Regional Megasite Wastewater Improvements	Haywood	\$30,708,000	-	30,708,000	-	-
<b>Education</b>						
Maintenance	Statewide	\$2,190,000	-	-	-	2,190,000
<b>Environment and Conservation</b>						
Maintenance	Statewide	\$7,040,000	-	-	-	7,040,000
Cedars of Lebanon State Park - New Splash Pad	Wilson	\$800,000	-	-	800,000	-
Natchez Trace Inn Refurbishment	Henderson	\$450,000	-	-	450,000	-
Old Stone Fort Campground	Coffee	\$1,200,000	-	-	1,200,000	-
<b>Sub-Total</b>		<b>\$9,490,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,450,000</b>	<b>\$7,040,000</b>
<b>General Services</b>						
Maintenance	Statewide	\$4,800,000	4,000,000	-	-	800,000
Emergency and Contingency	Statewide	\$5,000,000	5,000,000	-	-	-
Rhea County Courthouse Renovations - Year 2 - Grant	Rhea	\$500,000	500,000	-	-	-
Tennessee Zoos and Aquarium	Statewide	\$750,000	750,000	-	-	-
<b>Sub-Total</b>		<b>\$11,050,000</b>	<b>\$10,250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$800,000</b>
<b>Historical Commission</b>						
Maintenance	Statewide	\$1,700,000	-	-	-	1,700,000
Carter House Visitor Center	Franklin	\$300,000	300,000	-	-	-
<b>Sub-Total</b>		<b>\$2,000,000</b>	<b>\$300,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,700,000</b>
<b>Military</b>						
Maintenance	Statewide	\$3,890,000	-	-	2,395,000	1,495,000
New McMinnville National Guard Readiness Center	Warren	\$910,000	-	-	910,000	-
<b>Sub-Total</b>		<b>\$4,800,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,305,000</b>	<b>\$1,495,000</b>
<b>Safety</b>						
Maintenance	Statewide	\$1,020,000	-	-	-	1,020,000
<b>TRICOR</b>						
HQ Complex Warehouse and Manufacturing Facility	Davidson	\$1,200,000	-	-	-	1,200,000
Bledsoe County Correctional Complex Loafing Barn	Bledsoe	\$750,000	-	-	-	750,000
<b>Sub-Total</b>		<b>\$1,950,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,950,000</b>
<b>Tourist Development</b>						
Tennessee Music Pathway Phase II	Statewide	\$1,500,000	1,500,000	-	-	-
<b>Veterans Services</b>						
East TN State Veterans Cemetery Fuel Dispensing Station	Knox	\$100,000	-	-	100,000	-
New Veterans Cemetery Land Purchase - Upper Cumberland	Cumberland	\$600,000	600,000	-	-	-
<b>Sub-Total</b>		<b>\$700,000</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>

	County	Total	State	Bonds	Federal	Other
<b>Veterans Home Board</b>						
Cleveland Veterans Home (Additional Funds)	Bradley	\$3,000,000	3,000,000	-	-	-
<b>Locally Governed Higher Education Institutions</b>						
<b>Austin Peay State University</b>						
Maintenance	Statewide	\$3,670,000	3,670,000	-	-	-
<b>East Tennessee State University</b>						
Maintenance	Statewide	\$9,540,000	2,500,000	-	-	7,040,000
<b>Middle Tennessee State University</b>						
Maintenance	Statewide	\$8,170,000	3,108,000	-	-	5,062,000
Academic Classroom Building	Rutherford	\$38,000,000	35,100,000	-	-	2,900,000
<b>Sub-Total</b>		<b>\$46,170,000</b>	<b>\$38,208,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,962,000</b>
<b>Tennessee State University</b>						
Maintenance	Statewide	\$6,200,000	2,100,000	-	-	4,100,000
<b>Tennessee Technological University</b>						
Maintenance	Statewide	\$6,290,000	6,290,000	-	-	-
<b>University of Memphis</b>						
Maintenance	Statewide	\$15,010,000	8,010,000	-	-	7,000,000
<b>Sub-Total Locally Governed Higher Education Institutions</b>		<b>\$86,880,000</b>	<b>\$60,778,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26,102,000</b>
<b>Higher Education</b>						
Maintenance - TBR	Statewide	\$25,290,000	15,220,000	-	-	10,070,000
CLSCC Campus Revitalization	Bradley	\$25,000,000	22,500,000	-	-	2,500,000
TCAT Improvements Phase III	Statewide	\$15,270,000	14,500,000	-	-	770,000
WSCC Greenville Campus	Greene	\$2,240,000	2,240,000	-	-	-
TBR & Boards of Locally Governed Institutions - Security Recommendations	Statewide	\$2,000,000	2,000,000	-	-	-
Maintenance - UT	Statewide	\$47,480,000	40,780,000	-	-	6,700,000
UTIA Energy and Environmental Science Preplanning	Knox	\$4,000,000	4,000,000	-	-	-
UTIA Vet. Medical Center Teaching and Learning Center	Knox	\$9,000,000	8,100,000	-	-	900,000
<b>Sub-Total</b>		<b>\$130,280,000</b>	<b>\$109,340,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,940,000</b>
<b>Grand Total FY 18-19 Projects</b>		<b>\$339,668,000</b>	<b>\$189,228,000</b>	<b>\$30,708,000</b>	<b>\$5,855,000</b>	<b>\$113,877,000</b>

Facilities Revolving Fund	County	Total	General Fund Current	Bonds	Residual Maintenance	Other
<b>Capital Improvement</b>						
Library and Archives Building	Davidson	\$62,587,000	-	57,587,000	-	5,000,000
Rachel Jackson Building - Phase I Renovation	Davidson	\$1,040,000	-	-	-	1,040,000
<b>Sub-Total</b>		<b>\$63,627,000</b>	<b>\$0</b>	<b>\$57,587,000</b>	<b>\$0</b>	<b>\$6,040,000</b>
<b>Capital Maintenance</b>						
TN Tower Life Safety Systems Upgrades	Davidson	\$3,890,000	-	-	-	3,890,000
RS Gass State Laboratory Cabling Upgrades	Davidson	\$230,000	-	-	-	230,000
RS Gass State Laboratory ADA Upgrades	Davidson	\$1,050,000	-	-	-	1,050,000
220 French Landing HVAC Upgrades and Life Safety Impvts.	Davidson	\$2,010,000	-	-	-	2,010,000
Crockett and Johnson Bldgs. Glazing Restoration	Davidson	\$2,200,000	-	-	-	2,200,000
RS Gass State Laboratory Elevator Modernization	Davidson	\$1,040,000	-	-	-	1,040,000
West TN Regional Health Office Air Handler Replacement	Madison	\$620,000	-	-	-	620,000
TN Tower Drains and Plumbing Upgrades	Davidson	\$1,330,000	-	-	1,330,000	-
Andrew Jackson Building Elevator Replacement	Davidson	\$3,270,000	3,270,000	-	-	-
TBI Headquarters Safety Anchors	Davidson	\$450,000	-	-	450,000	-
LED Lighting and Controls Upgrades	Statewide	\$3,040,000	-	-	1,155,000	1,885,000
Ellington Agricultural Ctr. Paving and Parking Upgrades Ph. 1	Davidson	\$740,000	-	-	740,000	-
Ellington Agricultural Ctr. Bruer Bldg. Roof and Window Repl.	Davidson	\$220,000	-	-	220,000	-
<b>Sub-Total</b>		<b>\$20,090,000</b>	<b>\$3,270,000</b>	<b>\$0</b>	<b>\$3,895,000</b>	<b>\$12,925,000</b>
<b>Total Facilities Revolving Fund</b>		<b>\$83,717,000</b>	<b>\$3,270,000</b>	<b>\$57,587,000</b>	<b>\$3,895,000</b>	<b>\$18,965,000</b>

# HOSPITAL COVERAGE ASSESSMENT FEE

## Fiscal Year 2018-2019

Senate Bill 2026 / House Bill 2084 continues the hospital coverage assessment for one year.

This fee raises an estimated \$446.6 million that will be used to drawdown \$861.4 million in Federal Matching Funds to temporarily restore the following reductions:

	State	Federal	Total
<b>FY 2009-2010 Base Reductions Restored:</b>			
Essential Access Hospital Payments	\$42,677,500	\$82,322,500	\$125,000,000
Graduate Medical Education	17,071,000	32,929,000	50,000,000
Critical Access Hospital Payments	3,414,200	6,585,800	10,000,000
Medicare Part A Reimbursement	12,137,600	23,412,800	35,550,400
Provider Reimbursement and Co-Pay	56,511,800	109,008,100	165,519,900
<b>Sub-Total</b>	<b>\$131,812,100</b>	<b>\$254,258,200</b>	<b>\$386,070,300</b>
<b>FY 2010-2011 Base Reductions Restored:</b>			
Therapies	\$8,636,200	\$16,658,800	\$25,295,000
Out-Patient Services	32,063,500	61,848,600	93,912,100
Office Visits	18,315,100	35,328,900	53,644,000
<b>Sub-Total</b>	<b>\$59,014,800</b>	<b>\$113,836,300</b>	<b>\$172,851,100</b>
<b>Other Appropriations:</b>			
Disproportionate Share Hospital Payments	\$27,528,000	\$53,100,000	\$80,628,000
Hospital Reimbursement Ceiling	11,027,700	21,271,700	32,299,400
Direct Hospital Payments	155,346,100	299,653,900	455,000,000
Non-Emergent Care at Hospitals	573,200	1,105,600	1,678,800
340B Pricing Provision of MCO Contractor Agreement	2,048,500	3,951,500	6,000,000
In-Patient Services	44,882,800	86,576,500	131,459,300
Lab and X-Ray Procedures	14,221,600	27,432,600	41,654,200
Match for ADT Contract Payments	125,000	125,000	250,000
<b>Sub-Total</b>	<b>\$255,752,900</b>	<b>\$493,216,800</b>	<b>\$748,969,700</b>
<b>Grand Total</b>	<b><u>\$446,579,800</u></b>	<b><u>\$861,311,300</u></b>	<b><u>\$1,307,891,100</u></b>

# LOTTERY FOR EDUCATION ACCOUNT & TENNESSEE PROMISE PROGRAM

## LOTTERY FOR EDUCATION ACCOUNT (Millions):

### Appropriation Requirements:

	Actual FY16-17	Estimated FY17-18	Rec. FY18-19	Projected		
				FY19-20	FY20-21	FY21-22
Lottery Scholarships	(\$313.7M)	(\$321.8M)	(\$333.9M)	(\$339.1M)	(\$342.9M)	(\$346.3M)
TSAC Operations	(\$3.3M)	(\$2.4M)	(\$3.6M)	(\$3.6M)	(\$3.6M)	(\$3.6M)
THEC Operations	(\$1.6M)	(\$1.4M)	(\$1.5M)	(\$1.5M)	(\$1.5M)	(\$1.5M)
Transfer to TSAC Student Assistance Awards	(\$6.8M)	(\$6.8M)	\$0.0M	\$0.0M	\$0.0M	\$0.0M
<b>Total Requirements</b>	<b>(\$325.4M)</b>	<b>(\$332.4M)</b>	<b>(\$339.0M)</b>	<b>(\$344.2M)</b>	<b>(\$348.0M)</b>	<b>(\$351.4M)</b>

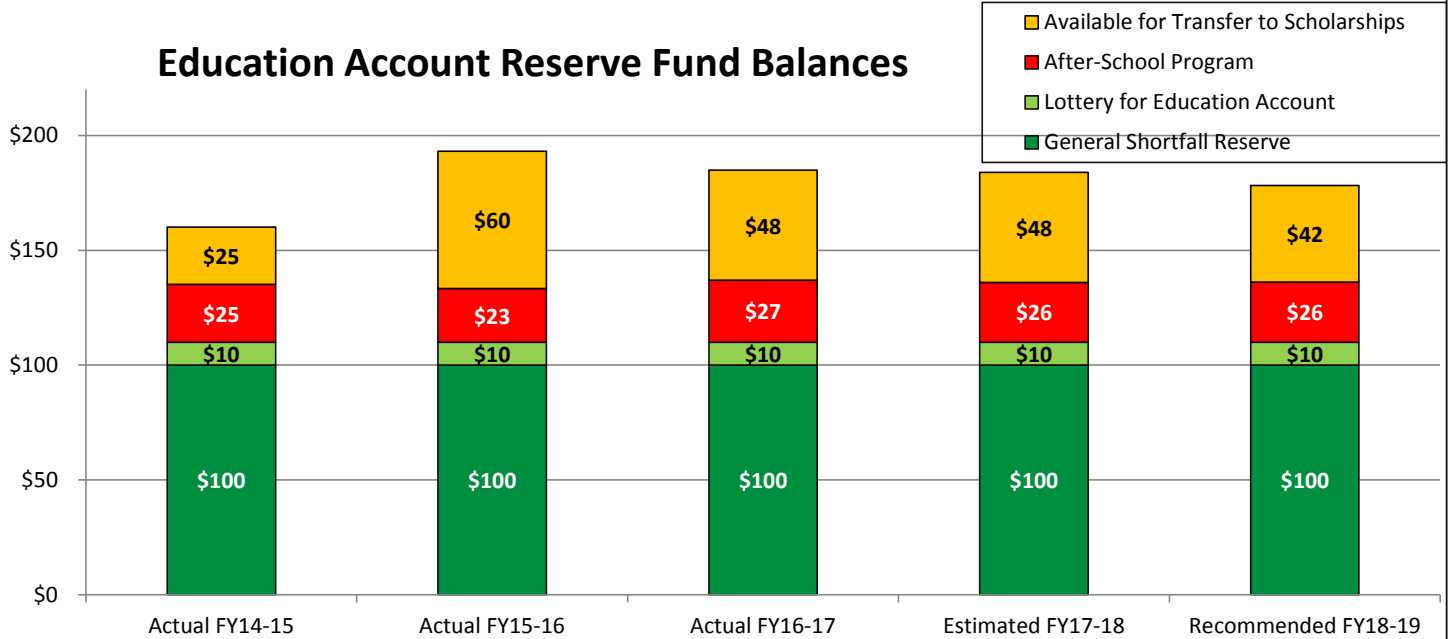
### Revenue:

Net Education Lottery Proceeds	\$372.8M	\$380.2M	\$387.8M	\$395.6M	\$403.5M	\$411.6M
Interest on Lottery for Education Account	\$0.5M	\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$0.1M
General Shortfall Reserve @ prior year June 30	\$100.0M	\$100.0M	\$100.0M	\$100.0M	\$100.0M	\$100.0M
Lottery for Education Account @ prior year June 30	\$10.0M	\$10.0M	\$10.0M	\$10.0M	\$10.0M	\$10.0M
<b>Total Revenue</b>	<b>\$483.3M</b>	<b>\$490.3M</b>	<b>\$497.9M</b>	<b>\$505.7M</b>	<b>\$513.6M</b>	<b>\$521.7M</b>

### Lottery for Education Account Reserve at June 30:

General Shortfall Reserve	\$100.0M	\$100.0M	\$100.0M	\$100.0M	\$100.0M	\$100.0M
Lottery for Education Account Reserve	\$10.0M	\$10.0M	\$10.0M	\$10.0M	\$10.0M	\$10.0M
After-School Program	\$27.0M	\$26.1M	\$26.2M	\$26.3M	\$26.4M	\$26.5M
Available to transfer for Tennessee Promise Scholarships	\$47.9M	\$47.9M	\$42.1M	\$44.7M	\$48.8M	\$53.5M
<b>Total Reserve</b>	<b>\$184.9M</b>	<b>\$183.9M</b>	<b>\$178.2M</b>	<b>\$180.9M</b>	<b>\$185.1M</b>	<b>\$189.9M</b>

## Education Account Reserve Fund Balances



*Note : Reduction in Lottery for Education Account Reserve of (\$312,542,000) made in FY13-14 to endow the Tennessee Promise Program.*

## TENNESSEE PROMISE PROGRAM:

Original Endowment	\$48.8M	\$48.8M	\$48.8M	\$48.8M	\$48.8M	\$48.8M
Additional Endowments	\$312.5M	\$312.5M	\$312.5M	\$312.5M	\$312.5M	\$312.5M
<b>Total Endowment</b>	<b>\$361.4M</b>	<b>\$361.4M</b>	<b>\$361.4M</b>	<b>\$361.4M</b>	<b>\$361.4M</b>	<b>\$361.4M</b>
Transfer from TSAC	\$0.0M	\$18.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M
Transfer of Net Lottery Proceeds	\$59.7M	\$47.9M	\$47.9M	\$47.9M	\$47.9M	\$47.9M
Interest on Endowment @ 3%	\$21.1M	\$20.7M	\$20.7M	\$20.7M	\$20.7M	\$20.7M
Interest on Balance Forward @ 3%	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M
<b>Total Revenue</b>	<b>\$80.8M</b>	<b>\$86.6M</b>	<b>\$68.6M</b>	<b>\$68.6M</b>	<b>\$68.6M</b>	<b>\$68.6M</b>
Cost of Tennessee Promise Scholarships <i>(estimated # students is 27,500 in SY17; 33,500 in SY18; and 34,000 in SY19)</i>	(\$25.2M)	(\$31.7M)	(\$32.9M)	(\$32.9M)	(\$32.9M)	(\$32.9M)
Cost of Treasury administrative fees	(\$0.4M)	(\$0.4M)	(\$0.4M)	(\$0.4M)	(\$0.4M)	(\$0.4M)
Surplus or Deficit	\$55.31	\$54.54	\$35.31	\$35.31	\$35.31	\$35.31
<b>Balance Forward</b>	<b>\$100.9M</b>	<b>\$155.5M</b>	<b>\$190.8M</b>	<b>\$190.8M</b>	<b>\$190.8M</b>	<b>\$190.8M</b>